

STATE OF WASHINGTON



**OFFICE OF
INSURANCE COMMISSIONER**

**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF WASHINGTON**

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In the Matter of)	No. D 99 - 33
)	Consent Order Levying a Fine
UNITED DENTAL CARE OF WASHINGTON,)	
INC.,)	
)	
An Authorized Insurer.)	

FINDINGS OF FACT:

1. United Dental Care of Washington, Inc. ("UDC of Washington"), is a licensed limited health care service contractor which has sold discount dental plans in Washington State since 1977.
2. In 1994 United Dental Care Inc., a Delaware corporation ("UDC"), parent company of UDC of Washington, acquired National Dental Health, Inc., a Washington corporation ("National Dental"). National Dental failed to file with the Office of the Insurance Commissioner (OIC) new contracts to reflect the change of ownership.
3. In a July 18, 1996 letter to the OIC, UDC of Washington's compliance manager revealed that he did not know the status of four products filed the previous year and seven products filed four months before.
4. Since 1997, the OIC has received a high volume of consumer complaints regarding UDC of Washington's claims handling, sales practices, and network adequacy.
5. In a April 28, 1998 letter to the OIC, UDC of Washington's counsel, Deborah Bullock, stated: "I anticipate that I will be able to file all new documents with the Department within the next 30 days; however, I hope to have the project completed sooner."
6. At a May 19, 1998 meeting with the OIC, UDC of Washington officials acknowledged that

UDC of Washington had committed the violations at issue and pledged that it would submit all required documents by the following month.

7. On August 14, 1998, the president of UDC of Washington notified numerous small employers of the company's intention to terminate coverage of groups with fewer than ten employees enrolled in the Northwest Trust group dental plan.
8. On September 17, 1998, UDC of Washington submitted rates, forms, and contracts to the OIC for the first time since at least 1996. UDC of Washington failed to include a group rate filing.
9. On September 25, 1998, the OIC disapproved UDC of Washington's provider contracts. On September 28, the OIC disapproved UDC of Washington's individual rate filing. On November 5, the OIC disapproved UDC of Washington's individual form filing.
10. On December 2, 1998, the OIC notified UDC of Washington in writing that its small and large group contracts were being held in active suspense in order to give UDC of Washington an opportunity to correct deficiencies in the forms. The agency imposed a December 21, 1998 deadline.
11. UDC of Washington failed to respond. As a result, the OIC disapproved UDC of Washington's group filing on January 21, 1999.
12. Since at least 1996, UDC of Washington has sold products in Washington State without obtaining OIC approval for their rates and forms.
13. UDC of Washington's responses to OIC inquiries and requests, when they came at all, were chronically late and inadequate.
14. In September 1998, Protective Life Corporation acquired UDC.
15. The OIC has attempted to bring UDC of Washington into compliance for the past two years. At no time prior to its acquisition of UDC by Protective Life did UDC of Washington initiate any effort to comply with Washington law. UDC of Washington remains out of compliance for all but its provider contracts. In late 1998, UDC of Washington notified the OIC that it had ceased all new sales and sought a meeting with the OIC to resolve all outstanding issues.

CONCLUSIONS OF LAW:

1. UDC of Washington's failure to obtain approval for its rates is a violation of RCW 48.44.040 and RCW 48.44.020.
2. UDC of Washington's failure to obtain approval of its forms is a violation of RCW 48.44.040.
3. UDC of Washington's failure to file provider contracts is a violation of RCW 48.44.040 and WAC 284-44-240 (now WAC 284-43-300 and WAC 284-43-330).
4. UDC of Washington's failure to file contract forms on a timely basis is a violation of WAC 284-44-130 (now WAC 284-43-920).
5. UDC of Washington's failure to respond to OIC inquiries in a timely and adequate manner is a violation of WAC 284-30-360 and WAC 284-30-650.
6. RCW 48.44.166 authorizes the Commissioner to impose a fine in lieu of the suspension or revocation of UDC of Washington's certificate of registration.

CONSENT TO ORDER

UDC of Washington hereby admits to the foregoing Findings of Fact and Conclusions of Law.

The Commissioner has offered a settlement in lieu of suspending or revoking the UDC of Washington's certificate of registration.

By agreement of the parties, the OIC will impose a fine of \$300,000 and suspend \$150,000 on condition that:

1. UDC of Washington pay \$150,000 of the fine for its violations of Washington insurance law.
2. UDC of Washington obtain OIC approval of its rates, forms, and contracts within ninety days of the entry of this consent order. UDC of Washington will be allowed to file a fully compliant standard prepaid individual product and standard prepaid group product to satisfy its filing obligations, with accompanying rates. UDC of Washington will not be found in violation of this term of the agreement should the OIC be responsible for delays in the evaluation of information that UDC of Washington submits in a timely fashion.
3. UDC of Washington reinstate for 1999 any small group wishing reinstatement which was terminated by UDC of Washington in 1998 for any reason other than non-payment.
4. UDC of Washington commit no further violations of the statutes and regulations that are the subject of this consent order for a period of one year from the date on which this order is entered.

This fine must be paid in full within thirty days of the entry of this order. Pursuant to RCW 48.44.166, failure to pay the fine within the allotted time shall constitute grounds for revocation of the insurer's certificate of registration, and for the recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

UDC of Washington acknowledges its duty to comply with the applicable laws of the State of Washington.

EXECUTED this 18th day of March, 1999.

UNITED DENTAL CARE OF WASHINGTON,
INC.

Title: _____

ORDER:

Pursuant to RCW 48.44.166, the Insurance Commissioner hereby imposes a fine of three hundred thousand dollars, with one hundred-fifty thousand dollars suspended, upon United Dental Care of Washington, Inc. The fine must be paid in full within thirty days of the date of entry of this order. Failure to pay the fine within the allotted time shall constitute grounds for the revocation of the insurer's certificate of registration of UDC of Washington, and for the recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

The Commissioner may impose the balance of the suspended fine and suspend or revoke UDC of Washington's certificate of registration should UDC of Washington fail to meet the conditions set forth in the "Consent to Order" section of this order.

ENTERED AT OLYMPIA, WASHINGTON, this 29th day of March, 1999.

DEBORAH SENN
Insurance Commissioner

By _____
Jeffrey Coopersmith
Deputy Commissioner Legal Affairs

March 22, 1999

Ms. Deborah Senn
Insurance Commissioner
State of Washington
Olympia, WA 98504

RE: In The Matter of United Dental Care of Washington, Inc., a Washington corporation ("UDC of Washington"), No. D, Consent Order Levying a Fine dated March 18, 1999 (the "Consent Order").

Dear Ms. Senn:

This letter is given by Protective Life Corporation, a Delaware corporation ("PLC"), on behalf of UDC of Washington in connection with the above-referenced matter. PLC guarantees the performance of the obligations of UDC of Washington under items one (1), two (2) and three (3) of the "Consent to Order" at page 3 of the Consent Order. Further, PLC pledges to exert its best efforts to assure that UDC of Washington complies with the Consent Order. PLC acknowledges that the Washington Office of the Insurance Commissioner may initiate enforcement action against PLC pursuant to Ch. 48.05 RCW, in the event UDC of Washington defaults in performance of the Consent Order. A copy of the Consent Order is attached hereto and incorporated herein by reference.

Protective Life Corporation

By: _____

Its: _____

Accepted and agreed to:

Deborah Senn
Insurance Commissioner

By: _____
Jeffrey Coopersmith
Deputy Commissioner Legal Affairs